Disinvestment of equity in three PSUs

762. SHRI SYED AZEEZ PASHA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering proposals for the disinvestment of Government equity in three Public Sector Power Undertakings; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) On 6th July, 2006, Government decided to keep all disinvestment decisions and proposals on hold, pending further review, which is yet to be completed. Three power companies, *viz.*, Rural Electrification Corporation Limited, Power Grid Corporation of India Limited and National Hydro-electric Power Corporation Limited, propose to make public offerings of equity equal to 10% each of their pre-issue paid-up equity capital. Government would piggy-back with an 'Offer for Sale' of 10%, 5% and 5% respectively out of its shareholding.

Finalization of norms for corporate debt market

763. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have finalized norms for corporate debt market;

(b) if so, the details thereof;

(c) the existing laws and rules required to be amended for finalization of norms; and

(d) the time-frame for action taken/proposed to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Government had set up a High-Level Expert Committee on Corporate Bonds and Securitisation (Patil Committee) to look in to legal, regulatory, tax and market design issues in the development of the corporate bond market. The Committee submitted its report to the Government in December, 2005. The Budget of 2006-07 announced that the Government has accepted the recommendations of

the Report and that steps would be taken to create a single, unified exchange-traded market for corporate bonds. The implementation of the recommendations of the Committee would require changes in various statutes.

(d) The measures already taken in respect of implementation of the recommendations of the Patil Committee include:

(i) A Bill proposing amendments to the Securities Contracts (Regulation) Act, 1956 to include securitized instruments within the ambit of "securities" has been introduced in the winter session of Parliament in 2006.

(ii) The RBI Act has been amended to empower RBI to develop and regulate market for Repos in corporate bonds.

(iii) The limit of FII Investment in corporate debt has been increased from US$0.5 billion to US$1.5 billion.

(iv) The Standing Committee of State Secretaries of Stamps and Registration of Department of Revenue have taken up for examination the recommendation regarding stamp duty on debt instruments.

(v) Corporate bond reporting platform has become operational.

(vi) SEBI has informed that the trading platforms for corporate bonds at the major exchanges are expected to be operational from July 1, 2007.

Increase in REPO rate

764. SHRI MOTIUR RAHMAN: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India (RBI) has increased REPO rate and if so, the reasons therefor;

(b) whether due to increase in REPO rate, banks have passed on the cost to customers raising interest rate on home, auto and personal loans etc.; and

(c) if so, the steps taken to check the rise in interest rate thereon?